

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

TWO SISTERS, LLC, a Foreign)
Limited Liability Company,)

Plaintiff,)

v.)

CIV- 20-492-G

R. K. RUSSELL a/ka KEVIN)
RUSSELL, Individually, and as)
Member-Manager of Toledo Gas)
Gathering, LLC, Barnstorm Resources,)
LLC, and Barnstorm Resources II, LLC,)
and TOLEDO GAS GATHERING, LLC,))
a Domestic Limited Liability Company,)
BARNSTORM RESOURCES, LLC,)
a Domestic Limited Liability Company,)
and BARNSTORM RESOURCES II,)
LLC, a Domestic Limited Liability)
Company,)

Defendants.)

COMPLAINT

I. JURISDICTION AND VENUE

1. Jurisdiction of this Court is based upon diversity of citizenship as is set forth under 28 U.S.C. §1332.
2. Venue is proper in this district by virtue of agreement of the parties as is set forth in written contract and by reason that the subject contract was executed by Plaintiff in the State of Oklahoma.

II. PARTIES

3. Plaintiff Two Sisters, LLC is a foreign limited liability company, and is duly registered in State of Oklahoma with a principal place of business in Oklahoma City, Oklahoma.
4. That Defendants Toledo Gas Gathering, LLC, Barnstorm Resources, LLC, and Barnstorm Resources II, LLC are each a domestic limited liability company formed under the laws of Texas, mostly for the purposes of oil and gas investments in the State of Texas, and will collectively be referred herein as the Russell Defendants. Each of these companies has a principal place of business in the State of Texas.
5. Defendant R.K. Russell a/k/a Kevin Russell (hereinafter “R.K.”) is a resident of the State of Texas with a residence in Fort Worth, Texas.

FACTS

6. That on October 11, 2019, the parties entered into a purchase sale agreement whereby Plaintiff agreed to purchase certain oil and gas interests belonging to R.K. Russell and the Russell Defendants for the sum of Three Hundred Thousand Dollars (\$300,000), and also whereby R.K. Russell and the Russell Defendants were obligated to pay Eight Hundred Seventy Five Thousand Dollars (\$875,000) to Two Sisters, LLC by December 31, 2019, and Two Sisters, LLC to have conveyed its 3% interest in the pipeline/right of way/easement to Toledo Gas Gathering, LLC. The interests that comprise the pipeline/right of way/easement property are:

BP Pipelines (North America) 09/25/2012;

ARCO Midcon, LLC 09/25/2012; and

Sowell Equities-Forestwood, LP 09/29/2017.

7. Under the terms of the contract duly executed, paragraph 11, attached hereto as Ex. A, the parties agreed to choice of venue in Oklahoma for any and all disputes arising under this contract.

FIRST CAUSE OF ACTION
CONTRACT SALES OF PIPELINE/RIGHT OF WAY/EASEMENT

1. That a 3% pipeline/right of way interest was purchased from Toledo by Plaintiff over the time period of March 2018 - July 2018 (total paid \$350,000). The 3% interest is in all pipelines/right of ways/easements described as:

BP Pipelines (North America) 09/25/2012;

ARCO Midcon, LLC 09/25/2012; and

Sowell Equities-Forestwood, LP 09/29/2017.

2. That Defendants have totally failed to complete this part of the contract and pay the \$875,000 by December 31, 2019, only explaining that funds are not available.
3. That Plaintiff has made due demand on R.K. and the Russell Defendants to honor this part of the subject purchase contract and R.K. and the Russell Defendants have not attempted to pay the \$875,000 or take any steps toward completion of the purchase.

4. That Plaintiff has been irreparably damaged by not having the funds available from the sale of the pipeline system creating various and immeasurably lost opportunities in the current market.
5. That further, the parties to this contract did specifically recognize that these damages to Plaintiff would be very difficult or impossible to measure, and that consequently the parties specifically agreed that a reasonable estimate of the probable loss from a breach by R.K. and the Russell Defendants of this commitment would be the total sum of Two Million Six Hundred Twenty Five Thousand Dollars (\$2,625,000) as is outlined in Paragraph 10 of the Purchase Agreement, Ex. A hereto.

SECOND CAUSE OF ACTION
CONTRACT /CONVERSION

6. That Plaintiff agreed to purchase an undivided 1/4 interest in certain oil and gas leases and associated interests, contracts and personal property located in Johnston County, State of Texas, and did complete the purchase per terms of the contract.
7. That wells are producing large quantities of natural gas on the subject leases, the exact amount of which is unknown to Plaintiff. That R.K. and the Russell Defendants control the operations existing on the leases through a relationship with an independent operator known as Dwight Cumming d/b/a The Cumming Company.

8. That Plaintiff has made demand to R.K. and the Russell Defendants for payment of its interests in the producing wells, and has requested confirmation that the Assignments of the oil and gas interests purchased by Plaintiff have been properly executed and filed of record in the deed records of Johnston County. To date, Plaintiff has not received any accounting, payment or compensation from production from the wells from 09/01/2019 to current, nor has received any corrected assignment of the properties as promised by Defendant in the agreement.
9. That, further, R.K. and the Russell Defendants have failed to take appropriate steps to register the transfer of interests to Plaintiff as was agreed and assured.
10. That Plaintiff has demanded a statement of the amount of oil and gas produced, yet R.K. and the Russell Defendants have failed and still refuse to provide any account for these interests.
11. That Plaintiff believes that the market value of the natural gas attributable to the Plaintiff's interest in the seven (7) wells since September 1, 2019 (effective date of assignment) to present is in excess of One Hundred Thousand Dollars (\$100,000).
12. That Plaintiff also has made demand on the operator Cumming d/b/a The Cumming Company, for payment for its share of production since date of purchase. Yet, incredibly, Cumming has ignored Plaintiff's requests and has only recently referred the request to R.K. and the Russell Defendants.

THIRD CAUSE OF ACTION
ACCOUNTING

13. That Defendants have extracted natural gas from Plaintiff's undivided 1/4 interest in the oil and gas leases existing on the subject property and have failed to account OR PAY to Plaintiff for the exact amounts that have been recovered

RELIEF REQUESTED

WHEREFORE, PREMISES CONSIDERED, Plaintiff Two Sisters, LLC respectfully prays for judgment against Defendant R.K. Russell a/k/a Kevin Russell individually, and as member-manager of Toledo Gas Gathering, LLC, Barnstorm Resources, LLC, and Barnstorm Resources II, LLC, and Defendants Toledo Gas Gathering, LLC, Barnstorm Resources, LLC, and Barnstorm Resources II, LLC, jointly and severally, as follows:

1. For a judgment for the agreed damages in the sum of Two Million Six Hundred Twenty Five Thousand Dollars (\$2,625,000) as relating to the breach of the pipeline/right of way/easement purchase agreement;
2. For an order directing R.K. and all the Russell Defendants to account for all proceeds from the production of the subject oil and gas leases set forth herein from and after the date of September 1, 2019;
3. For an order compelling Defendant Russell and all the Russell Defendants to take all steps necessary to that the Assignments of the oil and gas interests

purchased by Plaintiff have been properly executed and filed of record in the deed records of Johnston County, Texas.

4. For a judgment against all R.K. and the Russell Defendants for all sums as is determined to have been improperly paid to R.K. and the Russell Defendants from the production of the 1/4 undivided oil and gas interests as of the effective date of purchase by the Plaintiff; and
5. For a judgment for all court costs, attorney fees, prejudgment interest, and such other relief as this Court may find Plaintiff is entitled.

JURY TRIAL DEMAND

Plaintiff requests a trial by jury on his claims for monetary relief.



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